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PRESS RELEASE

House National Security Committee
Floyd D. Spence, Chairman

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Administration China Export Policy Jeopardizes U.S. National Security

Recent government reports confirm Chairman Spence's concerns that the Clinton Administration's export policies are endangering U.S. national security

U.S. Rep. Floyd D. Spence (R-SC), chairman of the House National Security Committee, today announced the release of four government reports that highlight longstanding concerns that China's military has been the benefactor of the Clinton Administration's export policies. "When you add it all up," said Spence, "it is clear that China's military is exploiting the existing international technology transfer rules – even breaking specific agreements and U.S. laws – to modernize as fast as it can. Given China's increasingly aggressive posture, I am very concerned that we're selling our edge in military technology to a nation that may well be our adversary someday."

Spence also reiterated his concern that the Administration has placed commercial interests above U.S. national security interests. "As a general rule, we should continue to encourage the development of international trade. However, we must not compromise our national security by giving the Chinese the means to increase their military effectiveness," he said. "The rapid economic growth and expanding democratization we see in East Asia are based in no small part upon America's guarantee of regional security. Our security interests must remain a priority." Spence continued.

According to the reports, three prepared by the General Accounting Office and one by the Congressional Research Service, China has been importing dual-use technologies from the United States and using them for military purposes. Dual-use technologies are those that have both commercial and military applications.

"I am particularly concerned about the recent expansion of sensitive military technology exports to China," Spence explained. "China already has the largest military in the world, and has now embarked on a sustained and ambitious modernization effort. Its recent threats toward Taiwan suggest that China may be prepared to use force to change the regional *status quo*. Furthermore, the Chinese have a dismal track record in discouraging proliferation, including nuclear weapons technology and cruise and ballistic missiles. Past history indicates that Chinese weaponry will find its way to Iran and other unstable regimes around the world."

Spence drew three conclusions from the new reports:

- A new, internationally-agreed upon regime of export controls is needed. During the Cold War, the Coordinating Committee for Multilateral Export Controls (COCOM) maintained export guidelines for the North Atlantic Treaty Organization (NATO) countries, Japan, and Australia. The termination of COCOM in 1994 weakened international control of technology exports to countries such as China, Iraq, Libya, and North Korea. "We need an enforceable international agreement to follow COCOM, but one that is more attuned to the current economic and political environment and that will prevent countries such as China from receiving technologies that they will exploit to increase the strength and effectiveness of their militaries," Spence said.
- The United States and its allies must be wary about transferring advanced technologies to China. "Despite strong warnings from U.S. military and intelligence officials," observed Spence, "the Administration allowed the sale of advanced machine tools to China in 1994, only to later discover that China diverted them from civil use to a factory that makes combat aircraft, ballistic and cruise missiles. Given the role of the Chinese military in Chinese commercial activities, we must assume that any sale to China is also a sale to the China's People's Liberation Army."
- The United States cannot stop China's drive to modernize its military. "The Chinese reading of the U.S. success in Desert Storm is that technology wins wars," said Spence. "Given their growing economy and determination to acquire sophisticated military technologies, it is only a matter of time before China emerges as a major military power. We must be ready for that time by ensuring that we maintain the best equipped and most prepared military in the world," Spence concluded.

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GAO Reports:

"Export Controls – Sensitive Machine Tool Exports to China" (GAO/NSIAD-97-4)

"Export Controls – Sale of Telecommunications Equipment to China" (GAO/NSIAD-97-5)

"September 30, 1996 – Correspondence to Chairman Floyd D. Spence" (GAO/NSIAD-96-230R)

The above reports may be obtained from GAO at:

Room 1100

700 4th Street, NW

U.S. General Accounting Office

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(202) 512-6000

CRS Report:

"China: Commission of Science, Technology, and Industry for National Defense (COSTIND)"

(CRS Report 96-889 F)